

House Engrossed

State of Arizona
House of Representatives
Forty-eighth Legislature
First Regular Session
2007

HOUSE BILL 2388

AN ACT

AMENDING SECTIONS 6-123, 6-135, 6-903, 6-904, 6-944, 6-980 AND 6-981, ARIZONA
REVISED STATUTES; RELATING TO MORTGAGE LICENSES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 6-123, Arizona Revised Statutes, is amended to
3 read:

4 6-123. Superintendent: powers

5 In addition to the other powers, express or implied, the superintendent
6 may:

7 1. Exercise all powers that are necessary for the administration and
8 enforcement of the laws and rules relating to financial institutions and
9 enterprises.

10 2. In accordance with title 41, chapter 6, adopt rules that are
11 necessary or appropriate to administer, enforce and accomplish the purposes
12 of this title and adopt rules and issue orders that limit transactions
13 between financial institutions or enterprises and the directors, officers or
14 employees of the financial institutions or enterprises.

15 3. Require appropriate records, documents, information and reports
16 from any financial institution or enterprise.

17 4. Submit to the department of public safety the name and fingerprints
18 of any applicant, licensee, active manager or responsible individual or the
19 name and fingerprints of any organizer, director or officer of any corporate
20 applicant or licensee for:

21 (a) A banking permit.

22 (b) Permission to organize a savings and loan association or credit
23 union.

24 (c) Any license.

25 (d) Any certificate.

26 (e) Authority to engage in interstate banking and branching in this
27 state.

28 The department of public safety shall report the criminal record, if any, of
29 such applicant, licensee or organizer, director or officer of such corporate
30 applicant or licensee within ninety days of receipt of the request of the
31 superintendent.

32 5. Employ appraisers to appraise any property that is owned or held as
33 security by any financial institution or enterprise. The reasonable expenses
34 and compensation of such appraisers shall be paid by the financial
35 institution or enterprise.

36 6. Hold membership in, pay dues to and attend the convention of the
37 national and regional organizations of state officials occupying like offices
38 or performing similar functions.

39 7. Cooperate with other regulatory agencies and professional
40 associations to promote the efficient, safe and sound operation and
41 regulation of interstate banking and branching activities, including the
42 formulation of interstate examination policies and procedures and the
43 drafting of model rules and agreements.

44 8. PARTICIPATE IN THE ESTABLISHMENT, IMPLEMENTATION AND OPERATION OF A
45 MULTISTATE AUTOMATED LICENSING SYSTEM FOR MORTGAGE ENTITIES LICENSED PURSUANT

1 TO CHAPTER 9 OF THIS TITLE. THE SUPERINTENDENT MAY MODIFY IN WHOLE OR IN
2 PART BY RULE OR BY ORDER ANY OF THE LICENSING REQUIREMENTS AS REASONABLY
3 NECESSARY TO IMPLEMENT AND OPERATE THE MULTISTATE SYSTEM. THE SUPERINTENDENT
4 MAY NAME AN AGENT TO CONDUCT FINGERPRINT ACTIVITIES DESCRIBED IN SECTION
5 6-123.01 AS PART OF THE MULTISTATE AUTOMATED LICENSING SYSTEM. THE
6 DEPARTMENT SHALL MAKE AVAILABLE UPON WRITTEN REQUEST A COPY OF THE MOST
7 RECENT AUDITED FINANCIAL STATEMENT FOR THE MULTISTATE LICENSING SYSTEM.

8 9. NOTHING IN PARAGRAPH 8 OF THIS SECTION SHALL AUTHORIZE THE
9 SUPERINTENDENT TO REQUIRE ANY PERSON EXEMPT FROM LICENSURE UNDER CHAPTER 9 OF
10 THIS TITLE, OR EMPLOYEES OR AGENTS OF ANY SUCH EXEMPT PERSON, TO SUBMIT
11 INFORMATION TO, OR TO PARTICIPATE IN, THE MULTISTATE AUTOMATED LICENSING
12 SYSTEM.

13 10. NOTHING IN PARAGRAPH 8 OF THIS SECTION SHALL AFFECT THE RECORDS
14 DISCLOSURE REQUIREMENTS AND LIMITATIONS SET FORTH IN SECTION 6-129.01.

15 Sec. 2. Section 6-135, Arizona Revised Statutes, is amended to read:

16 6-135. Department revolving fund; use of fund

17 A. There is established a department revolving fund to be administered
18 by the superintendent under the conditions and for the purposes provided by
19 this section. Monies in the fund are exempt from the provisions of section
20 35-190, relating to the lapsing of appropriations.

21 B. Any investigative costs, attorney fees or civil penalties recovered
22 for the state by the attorney general or the superintendent as a result of
23 actions brought pursuant to this title, whether by final judgment, settlement
24 or otherwise, shall be deposited in the department revolving fund. If the
25 unencumbered portion of the fund exceeds THREE HUNDRED fifty thousand dollars
26 at the end of the fiscal year, all unencumbered monies in excess of fifty
27 thousand dollars shall be deposited in the department receivership revolving
28 fund, pursuant to section 6-135.01.

29 C. The monies in the fund shall be used by the superintendent and the
30 attorney general for LICENSING ADMINISTRATION, EXAMINATION AND investigative
31 proceedings or for purposes of instituting and prosecuting CRIMINAL OR civil
32 actions pursuant to this title.

33 D. On or before the fifteenth day of February, May, August and
34 November, the superintendent shall file with the governor, with copies to the
35 director of the department of administration, the president of the senate and
36 the speaker of the house of representatives, a full and complete account of
37 the receipts and disbursements from the fund in the previous calendar
38 quarter.

39 Sec. 3. Section 6-903, Arizona Revised Statutes, is amended to read:

40 6-903. Licensing of mortgage brokers required; qualifications;
41 application; bond; fees; renewal

42 A. A person shall not act as a mortgage broker if ~~he~~ THE PERSON is not
43 licensed under this article.

44 B. The superintendent shall not grant a mortgage broker's license to a
45 person, other than a natural person, who is not registered to do business in

1 this state on the date of granting the license. An applicant for an original
2 mortgage broker's license shall:

3 1. Have not less than three years' experience as a mortgage broker,
4 or equivalent lending experience in a related business during the five years
5 immediately preceding the time of application.

6 2. Have satisfactorily completed a course of study approved by the
7 superintendent during the three years immediately preceding the time of
8 application.

9 3. Have passed a mortgage broker's test, pursuant to section 6-908,
10 not more than one year before the granting of the license.

11 C. A person shall make an application for a license or for a renewal
12 of a license in writing on the forms, in the manner and accompanied by the
13 information prescribed by the superintendent. The superintendent may require
14 additional information on the experience, background, honesty, truthfulness,
15 integrity and competency of the applicant and any responsible individual
16 designated by the applicant. If the applicant is a person other than a
17 natural person, the superintendent may require information as to the honesty,
18 truthfulness, integrity and competency of any officer, director, shareholder
19 or other interested party of the association, corporation or group.

20 D. The nonrefundable application fee and annual renewal fee are as
21 prescribed in section 6-126. The nonrefundable application fee shall
22 accompany each application for an original license only. The superintendent
23 shall deposit, pursuant to sections 35-146 and 35-147, the monies in the
24 state general fund.

25 E. If a licensee is a person other than a natural person, the license
26 issued to it entitles all officers, directors, members, partners, trustees
27 and employees of the licensed corporation, partnership, association or trust
28 to engage in the mortgage business if one officer, director, member, partner,
29 employee or trustee of the person is designated in the license as the
30 individual responsible for the person under this article. If a licensee is a
31 natural person, the license entitles all employees of the licensee to engage
32 in the mortgage business. If the natural person is not a resident of this
33 state, an employee of the licensee shall be designated in the license as the
34 individual responsible for the licensee under the provisions of this article.
35 For THE purposes of this subsection, an employee does not include an
36 independent contractor. A responsible individual shall be a resident of this
37 state, shall be in active management of the activities of the licensee
38 governed by this article and shall meet the qualifications set forth in
39 subsection B of this section for a licensee.

40 F. A licensee shall notify the superintendent that its responsible
41 individual will cease to be in active management of the activities of the
42 licensee within ten days of learning that fact. The licensee has ninety days
43 after the notification is received by the superintendent within which to
44 replace the responsible individual with a qualified replacement and to so
45 notify the superintendent. If the license is not placed under active

1 management of a qualified responsible individual and if notice is not given
2 to the superintendent within the ninety day period, the license of the
3 licensee expires.

4 G. Every person licensed as a mortgage broker shall deposit with the
5 superintendent, before doing business as a mortgage broker, a bond executed
6 by the licensee as principal and a surety company authorized to do business
7 in this state as surety. The bond shall be conditioned on the faithful
8 compliance of the licensee, including ~~his~~ THE LICENSEE'S directors, officers,
9 members, partners, trustees and employees, with this article. The bond is
10 payable to any person injured by the wrongful act, default, fraud or
11 misrepresentation of the licensee or ~~his~~ THE LICENSEE'S employees and to this
12 state for the benefit of the person injured. Only one bond is required for
13 any person, firm, association or corporation irrespective of the number of
14 officers, directors, members, partners or trustees who are employed by or are
15 members of such firm, association or corporation. No suit may be commenced
16 on the bond after the expiration of one year following the commission of the
17 act on which the suit is based, except that claims for fraud or mistake are
18 limited to the limitation period provided in section 12-543, paragraph 3. If
19 an injured person commences an action for a judgment to collect from the
20 bond, the injured person shall notify the superintendent of the action in
21 writing at the time of the commencement of the action and shall provide
22 copies of all documents relating to the action to the superintendent on
23 request.

24 H. The bond required by this section shall be ten thousand dollars for
25 licensees whose investors are limited solely to institutional investors, and
26 fifteen thousand dollars for licensees whose investors include any
27 noninstitutional investors.

28 I. For THE purposes of subsection H of this section:

29 1. "Institutional investor" means a state or national bank, a state or
30 federal savings and loan association, a state or federal savings bank, a
31 state or federal credit union, a federal government agency or
32 instrumentality, a quasi-federal government agency, a financial enterprise, a
33 licensed real estate broker or salesman, a profit sharing or pension trust,
34 or an insurance company.

35 2. "Investor" means any person who directly or indirectly provides
36 funds to a mortgage broker ~~which funds~~ THAT are, or are intended to be, used
37 in the making of a loan, and any person who purchases a loan, or any interest
38 therein, from a mortgage broker or in a transaction that has been directly or
39 indirectly arranged or negotiated by a mortgage broker.

40 J. Notwithstanding section 35-155, in lieu of the bond described in
41 this section, an applicant for a license or a licensee may deposit with the
42 superintendent a deposit in the form of cash or alternatives to cash in the
43 same amount as the bond required under subsection G of this section. The
44 superintendent may accept any of the following as an alternative to cash:

1 1. Certificates of deposits or investment certificates ~~which~~ THAT are
2 payable or assigned to the state treasurer, issued by banks or savings banks
3 doing business in this state and fully insured by the federal deposit
4 insurance corporation or any successor institution.

5 2. Certificates of deposit, investment certificates or share accounts
6 ~~which~~ THAT are payable or assigned to the state treasurer, issued by a
7 savings and loan association doing business in this state and fully insured
8 by the federal deposit insurance corporation or any successor institution.

9 3. Certificates of deposit, investment certificates or share accounts
10 ~~which~~ THAT are payable or assigned to the state treasurer, issued by a credit
11 union doing business in this state and fully insured by the national credit
12 union administration or any successor institution.

13 K. The superintendent shall deposit the cash or alternatives to cash
14 received under this section with the state treasurer. The state treasurer
15 shall hold the cash or alternatives to cash in the name of this state to
16 guarantee the faithful performance of all legal obligations of the person
17 required to post bond pursuant to this section. The person is entitled to
18 receive any accrued interest earned from the alternatives to cash. The state
19 treasurer may impose a fee to reimburse the state treasurer for
20 administrative expenses. The fee shall not exceed ten dollars for each cash
21 or alternatives to cash deposit and shall be paid by the applicant or
22 licensee. The state treasurer may prescribe rules relating to the terms and
23 conditions of each type of security provided by this section.

24 L. In addition to such other terms and conditions as the
25 superintendent prescribes by rule or order, the principal amount of the
26 deposit shall be released only on written authorization of the superintendent
27 or on the order of a court of competent jurisdiction. The principal amount
28 of the deposit shall not be released before the expiration of three years
29 from the first to occur of any of the following:

- 30 1. The date of substitution of a bond for a cash alternative.
- 31 2. The surrender of the license.
- 32 3. The revocation of the license.
- 33 4. The expiration of the license.

34 M. A licensee or an employee of the licensee shall not advertise for
35 or solicit mortgage business in any manner without using the name and license
36 number as issued on the mortgage broker's principal place of business
37 license, except that a licensee may employ or refer to the commonly used name
38 and any trademarks or service marks of any affiliate. If a license is issued
39 in the name of a natural person, nothing in the advertising or solicitation
40 may imply the license is in the name of another person or entity. For the
41 ~~purpose~~ PURPOSES of this subsection, "advertise" does not include business
42 cards, radio and television advertising directed at national or regional
43 markets and promotional items except if those items contain rates or terms on
44 which a mortgage loan may be obtained.

1 N. A licensee shall not employ any person unless the licensee:

2 1. Conducts a reasonable investigation of the background, honesty,
3 truthfulness, integrity and competency of the employee before hiring.

4 2. Keeps a record of the investigation for not less than two years
5 after termination.

6 O. A license is not transferable or assignable and control of a
7 licensee may not be acquired through a stock purchase or other device without
8 the prior written consent of the superintendent. Written consent shall not
9 be given if the superintendent finds that any of the grounds for denial,
10 revocation or suspension of a license as set forth in section 6-905 are
11 applicable to the acquiring person. For the purpose of this subsection,
12 "control" means the power to vote more than twenty per cent of outstanding
13 voting shares of a licensed corporation, partnership, association or trust.

14 P. The licensee is liable for any damage caused by any of ~~his~~ **THE**
15 **LICENSEE'S** employees while acting as an employee of the licensee.

16 Q. A licensee shall comply with the requirements of section 6-114
17 relating to balloon payments.

18 R. The examination and course of study requirements of this section
19 shall be waived by the superintendent for any person applying for a license
20 who, within the six months immediately prior to the submission of the
21 application, has been a licensee or a responsible person pursuant to this
22 chapter.

23 Sec. 4. Section 6-904, Arizona Revised Statutes, is amended to read:
24 6-904. Issuance of license; renewal; inactive status; branch
25 office license; application; fee

26 A. The superintendent, on determining that the applicant is qualified
27 and has paid the fees, shall issue a mortgage broker's license to the
28 applicant which is evidenced by a continuous certificate. The superintendent
29 shall grant or deny a license within one hundred twenty days after receipt of
30 the completed application and fees. An applicant who has been denied a
31 license may not reapply for such a license before one year from the date of
32 the previous application.

33 B. **FOR LICENSES APPROVED ON OR BEFORE SEPTEMBER 30, 2007**, a licensee
34 shall pay the renewal fee on or before September 30, 2007 **AND ON OR BEFORE**
35 **DECEMBER 31 FOR SUBSEQUENT YEARS BEGINNING ON OR BEFORE DECEMBER 31, 2008**.
36 Licenses not renewed by September 30, 2007 are suspended, and the licensee
37 shall not act as a mortgage broker until the license is renewed or a new
38 license is issued pursuant to this article. A person may renew a suspended
39 license by paying the renewal fee plus twenty-five dollars for each day after
40 September 30, 2007 that a license renewal fee is not received by the
41 superintendent and making application for renewal as prescribed by the
42 superintendent. Licenses which are not renewed by October 31, 2007 expire.
43 A license shall not be granted to the holder of an expired license except as
44 provided in this article for the issuance of an original license.

1 C. FOR LICENSES APPROVED on or before September 30, 2007, a licensee
2 may request inactive status ON OR BEFORE SEPTEMBER 30, 2007 for the following
3 license year, and the license shall be placed on inactive status after
4 payment to the superintendent of the inactive status renewal fee prescribed
5 in section 6-126, subsection C and the surrender of the license to the
6 superintendent. During inactive status, an inactive licensee is not required
7 to maintain a bond and shall not act as a mortgage broker. A licensee may
8 not be on inactive status for more than two consecutive years, nor for more
9 than four years in any ten year period. The license is deemed expired on
10 violation of any of the limitations of this subsection.

11 D. FOR LICENSES APPROVED AFTER OR RENEWED ON SEPTEMBER 30, 2007, A
12 LICENSEE SHALL PAY THE RENEWAL FEE ON OR BEFORE DECEMBER 31, 2008 AND ON OR
13 BEFORE DECEMBER 31 OF EACH SUBSEQUENT YEAR. LICENSES NOT RENEWED BY DECEMBER
14 31 ARE SUSPENDED AND THE LICENSEE SHALL NOT ACT AS A MORTGAGE BROKER UNTIL
15 THE LICENSE IS RENEWED OR A NEW LICENSE IS ISSUED PURSUANT TO THIS ARTICLE.
16 A PERSON MAY RENEW A SUSPENDED LICENSE BY PAYING THE RENEWAL FEE PLUS
17 TWENTY-FIVE DOLLARS FOR EACH DAY AFTER DECEMBER 31 THAT A LICENSE RENEWAL FEE
18 IS NOT RECEIVED BY THE SUPERINTENDENT AND APPLYING FOR RENEWAL AS PRESCRIBED
19 BY THE SUPERINTENDENT. A LICENSE THAT IS NOT RENEWED BY JANUARY 31 EXPIRES.
20 A LICENSE SHALL NOT BE GRANTED TO THE HOLDER OF AN EXPIRED LICENSE EXCEPT AS
21 PROVIDED IN THIS ARTICLE FOR THE ISSUANCE OF AN ORIGINAL LICENSE.

22 E. FOR LICENSES APPROVED AFTER OR RENEWED ON SEPTEMBER 30, 2007,
23 BEGINNING IN 2008 AND EACH SUBSEQUENT YEAR, A LICENSEE MAY REQUEST INACTIVE
24 STATUS FOR THE FOLLOWING LICENSE YEAR IF THE LICENSEE MAKES THE REQUEST ON OR
25 BEFORE DECEMBER 31. THE LICENSE SHALL BE PLACED ON INACTIVE STATUS AFTER THE
26 LICENSEE PAYS TO THE SUPERINTENDENT THE INACTIVE STATUS RENEWAL FEE
27 PRESCRIBED IN SECTION 6-126, SUBSECTION C AND SURRENDERS THE LICENSE TO THE
28 SUPERINTENDENT. DURING INACTIVE STATUS, AN INACTIVE LICENSEE IS NOT REQUIRED
29 TO MAINTAIN A BOND AND SHALL NOT ACT AS A MORTGAGE BROKER. A LICENSEE MAY
30 NOT BE ON INACTIVE STATUS FOR MORE THAN TWO CONSECUTIVE YEARS OR FOR MORE
31 THAN FOUR YEARS IN ANY TEN YEAR PERIOD. THE LICENSE EXPIRES ON VIOLATION OF
32 THIS SUBSECTION.

33 ~~D.~~ F. An inactive licensee may return to active status
34 notwithstanding the requirements of section 6-903, subsection B by making a
35 written request to the superintendent for reactivation and paying the
36 prorated portion of the annual assessment that would have been charged to the
37 licensee. The licensee shall also provide the superintendent with proof that
38 the licensee meets all of the other requirements for acting as a mortgage
39 broker, including required bond coverage or the deposit of a cash
40 alternative.

41 ~~E.~~ G. A licensee shall prominently display the mortgage broker
42 license in the office of the mortgage broker.

43 ~~F.~~ H. Every licensed mortgage broker shall designate and maintain a
44 principal place of business in this state for the transaction of business.
45 The license shall specify the address of ~~his~~ THE LICENSEE'S principal place

1 of business. If a licensee wishes to maintain one or more locations in
2 addition to a principal place of business, ~~he~~ THE LICENSEE shall first obtain
3 a branch office license from the superintendent and designate a person for
4 each branch office to oversee the operations of that office. The licensee
5 shall submit a fee as set forth in section 6-126 for each branch office
6 license. If the superintendent determines that the applicant is qualified,
7 the superintendent shall issue a branch office license indicating the address
8 of the branch office. The licensee shall conspicuously display the branch
9 office license in the branch office. If the address of the principal place
10 of business or of any branch office is changed, the licensee shall
11 immediately notify the superintendent of the change and the superintendent
12 shall endorse the change of address on the license for a fee as prescribed in
13 section 6-126.

14 Sec. 5. Section 6-944, Arizona Revised Statutes, is amended to read:
15 6-944. Issuance of license; renewal; branch office license;
16 application; fee

17 A. IF the superintendent, ~~if he~~ determines that the applicant has met
18 the requirements set forth in section 6-943, subsection C, is qualified and
19 has paid the fees, THE SUPERINTENDENT shall issue a mortgage banker's license
20 to the applicant evidenced by a continuous certificate. The license is not
21 transferable or assignable. An applicant who has been denied a license may
22 not reapply for such a license before one year from the date of the previous
23 application. A person may not acquire control of a licensee through a stock
24 purchase or other device without the prior written consent of the
25 superintendent. Written consent shall not be given if the superintendent
26 finds that any of the grounds for denial, revocation or suspension of a
27 license as set forth in section 6-945 are applicable to the acquiring person.
28 For the ~~purpose~~ PURPOSES of this subsection, "control" means the power to
29 vote more than twenty per cent of outstanding voting shares of a licensed
30 corporation, partnership, association or trust.

31 B. FOR LICENSES APPROVED ON OR BEFORE MARCH 31, 2007, a licensee shall
32 make an application and pay the renewal fee set forth in section 6-126 on or
33 before March 31, 2007 but not sooner than February 1, ~~of each year 2007 AND~~
34 ~~ON OR BEFORE DECEMBER 31 FOR SUBSEQUENT YEARS BEGINNING IN 2008.~~ Licenses
35 not renewed by March 31, 2007 are suspended, and the licensee shall not act
36 as a mortgage banker until ~~his~~ THE license is renewed or a new license is
37 issued pursuant to this article. A person may renew a suspended license by
38 paying the renewal fee plus twenty-five dollars for each day after March 31,
39 2007 that a license renewal fee is not received by the department and making
40 application for renewal as prescribed by the superintendent. Licenses which
41 are not renewed by April 30, 2007 expire. A license shall not be granted to
42 the holder of an expired license except as provided in this article for the
43 issuance of an original license.

44 C. FOR LICENSES APPROVED AFTER OR RENEWED ON MARCH 31, 2007, A
45 LICENSEE SHALL PAY THE RENEWAL FEE ON OR BEFORE DECEMBER 31, BEGINNING IN

2008. LICENSES NOT RENEWED BY DECEMBER 31 ARE SUSPENDED, AND THE LICENSEE SHALL NOT ACT AS A MORTGAGE BANKER UNTIL THE LICENSE IS RENEWED OR A NEW LICENSE IS ISSUED PURSUANT TO THIS ARTICLE. A PERSON MAY RENEW A SUSPENDED LICENSE BY PAYING THE RENEWAL FEE PLUS TWENTY-FIVE DOLLARS FOR EACH DAY AFTER DECEMBER 31 THAT A LICENSE RENEWAL FEE IS NOT RECEIVED BY THE SUPERINTENDENT AND MAKING APPLICATION FOR RENEWAL AS PRESCRIBED BY THE SUPERINTENDENT. LICENSES THAT ARE NOT RENEWED BY JANUARY 31 EXPIRE. A LICENSE SHALL NOT BE GRANTED TO THE HOLDER OF AN EXPIRED LICENSE EXCEPT AS PROVIDED IN THIS ARTICLE FOR THE ISSUANCE OF AN ORIGINAL LICENSE.

~~C.~~ D. A licensee shall prominently display the mortgage banker license in the office of the mortgage banker.

~~D.~~ E. Every licensed mortgage banker shall designate and maintain a principal place of business in this state for the transaction of business. The license shall specify the address of his principal place of business. If a licensee wishes to maintain one or more locations in addition to a principal place of business, ~~he~~ THE LICENSEE shall first obtain a branch office license from the superintendent and designate a person for each branch office to oversee the operations of that office. The licensee shall submit a fee as prescribed in section 6-126 for each branch office license. If the superintendent determines that the applicant is qualified, the superintendent shall issue a branch office license indicating the address of the branch office. The licensee shall conspicuously display the branch office license in the branch office. If the address of the principal place of business or of any branch office is changed, the licensee shall notify the superintendent before the change and the superintendent shall endorse the change of address on the license for a fee as prescribed in section 6-126.

Sec. 6. Section 6-980, Arizona Revised Statutes, is amended to read:

6-980. Annual renewal; expiration on failure to renew

A. FOR LICENSES APPROVED ON OR BEFORE MARCH 31, 2007:

1. Licenses that are not renewed by March 31, 2007 are suspended, and the licensee shall not act as a commercial mortgage banker until the license is renewed or a new license is issued pursuant to this article.

~~B.~~ 2. A person may renew a suspended license by making an application for renewal as prescribed by the superintendent.

~~C.~~ 3. Licenses that are not renewed by April 30, 2007 expire. A license shall not be granted to the holder of an expired license except as provided in this article for issuing an original license.

B. FOR LICENSES APPROVED AFTER OR RENEWED ON MARCH 31, 2007:

1. IF A LICENSE IS NOT RENEWED BY DECEMBER 31, 2008 AND BY DECEMBER 31 OF EACH SUBSEQUENT YEAR, THE LICENSE IS SUSPENDED. THE LICENSEE SHALL NOT ACT AS A COMMERCIAL MORTGAGE BANKER UNTIL THE LICENSE IS RENEWED OR A NEW LICENSE IS ISSUED PURSUANT TO THIS ARTICLE.

2. A PERSON MAY RENEW A SUSPENDED LICENSE BY MAKING AN APPLICATION FOR RENEWAL AS PRESCRIBED BY THE SUPERINTENDENT.

1 3. LICENSES THAT ARE NOT RENEWED BY JANUARY 31 EXPIRE. A LICENSE
2 SHALL NOT BE GRANTED TO THE HOLDER OF AN EXPIRED LICENSE EXCEPT AS PROVIDED
3 IN THIS ARTICLE FOR ISSUING AN ORIGINAL LICENSE.

4 Sec. 7. Section 6-981, Arizona Revised Statutes, is amended to read:

5 6-981. Inactive status

6 A. FOR LICENSES APPROVED on or before March 31, 2007, a licensee may
7 request inactive status for the following license year, and the license shall
8 be placed on inactive status after surrendering the license to the
9 superintendent.

10 B. FOR LICENSES APPROVED AFTER OR RENEWED ON MARCH 31, 2007, A
11 LICENSEE MAY REQUEST INACTIVE STATUS ON OR BEFORE DECEMBER 31 OF EACH YEAR
12 FOR THE FOLLOWING LICENSE YEAR, AND THE LICENSE SHALL BE PLACED ON INACTIVE
13 STATUS AFTER SURRENDERING THE LICENSE TO THE SUPERINTENDENT.

14 ~~B.~~ C. During inactive status, an inactive licensee is not required to
15 maintain a bond and shall not act as a commercial mortgage banker.

16 ~~C.~~ D. A licensee may not be on inactive status for more than two
17 consecutive years or for more than four years in any ten year period. The
18 license is deemed expired on violation of any of the limitations of this
19 subsection.

20 ~~D.~~ E. An inactive licensee may return to active status
21 notwithstanding section 6-973, subsection D by making a written request to
22 the superintendent for reactivation. The licensee shall also provide the
23 superintendent with proof that the licensee meets all of the other
24 requirements for acting as a commercial mortgage banker, including required
25 bond coverage or the deposit of a cash alternative.

26 Sec. 8. Retroactivity

27 Sections 6-944, 6-980 and 6-981, Arizona Revised Statutes, as amended
28 by this act, apply retroactively to from and after March 30, 2007.